



**Investment Office**

P.O. Box 2749  
Sacramento, CA 95812-2749  
Telecommunications Device for the Deaf - (916) 795-3240  
(916) 795-3400

December 31, 2008

Diane Boyer-Vine, Legislative Counsel  
Office of the Legislative Counsel  
State Capitol, Room 3021  
Sacramento, California 95814

Gregory Schmidt  
Secretary of the Senate  
State Capitol  
Sacramento, California 95814

E. Dotson Wilson  
Chief Clerk of the Assembly  
State Capitol  
Sacramento, California 95814

In accordance with Chapter 671, Statutes of 2007 (AB 221, Anderson), the California Public Employees' Retirement System (CalPERS) is submitting to the Legislature the attached report on investment holdings in companies with business operations in Iran. To compile this report, CalPERS contracted with a third party independent research firm in addition to conducting our own research.

Please contact me at 916-795-2565 if you have any questions regarding this report.

Sincerely,

Danny Brown, Acting Chief  
Office of Governmental Affairs

cc: Ken Marzion  
Anne Stausboll

**Report on Companies with Business Operations in Iran**  
**AB 221(Chapter 671), Gov. Code §7413.7 and 16642**  
**January 1, 2009**

This report is prepared pursuant to Government Code (“G.C.”) §7413.7, which requires the California Public Employees’ Retirement System (CalPERS) to report annually on investments in companies with business operations in Iran.

CalPERS, with more than \$180 billion in assets, is the largest public pension fund in the United States. It administers retirement and health benefits for approximately 1.5 million active and retired California public employees and their families on behalf of 2,600 government employers.

Article XVI, section 17 of the Constitution of the State of California provides that CalPERS’ assets are held in trust. The Board must discharge its duties with respect to the System “solely in the interest of, and for the exclusive purposes of providing benefits to participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.” The Board’s duty to its participants and their beneficiaries takes precedence over any other duty.

CalPERS hired an outside research firm to provide a list of companies that meet the criteria of the statute. CalPERS identified the companies listed below, which have business operations<sup>1</sup> in Iran, and are within our portfolio. Pursuant to the statute, CalPERS notified these companies and is determining whether they meet G. C. §7413.7(b).

Iran Company Name	Summary of Business Operations in Iran to Support the January 2009 Legislative Report <sup>2</sup>
<b>Alstom</b>	Supplies gas treatment plants in Southern Iran and providing the aluminum business with the necessary technology to control its air emissions. Also, provided 100 locomotives to solve the shortages to Iran Railway. Involved in power plant construction and operation of power generating and transmission equipment in Iran. Other projects include construction of a fuel processing plant in Northwest Iran and the design and installation of drive application for a petrochemical plant in Shatopet, Iran. Also, supplies six GT13E2 gas turbines and accompanying equipment for the Hormozgan power plant near Bandar Abbas, Iran. This contract also provides spare parts for five-years. Also, produced five gas turbine generating sets for Iran's Persian Gulf. Supplying two generators and three gas turbines. Supplies industrial gas turbine compressor sets for gas transportation within Iran. Supplies three generating sets, one compressor drive and three injection pump drives oil field project on Kharg Island.
<b>CNOOC LTD</b>	Has an agreement for the development of the North Pars gas field and related Liquefied Natural Gas facilities.

<sup>1</sup> “Business operations” is broadly defined as “maintaining, selling, or leasing equipment, facilities, personnel, or any other apparatus of business or commerce in Iran, including the ownership or possession of real or personal property located in Iran.” (Sec. 7513.7(a)(2).)

<sup>2</sup> Operation details provided by RiskMetrics Group.

<b>Compania Espanola de Petroleos (CEPSA)</b>	The company is currently negotiating oil exploration and production projects in Iran. Also, the company was chosen to negotiate a buyback contract to boost production in the Cheshmeh Khosh field in Iran.
<b>Daelim Industrial Co.</b>	Collaborating with Iranian and German companies to optimize the Isfahan refinery in Iran. In addition, it has secured a deal to build tanks in southern Iran. Installed a major industrial system of the gas field development in Iran. Provides a fully integrated communication solution to equipment for an onshore gas plant and three offshore platforms of the South Pars gas field in Iran. Constructs a gas refinery and an ethyl benzene plant at Bandar Assluyeh, Iran.
<b>Danieli &amp; Co. Officine Meccaniche SPA</b>	A customer has been located in Tehran, Iran.
<b>E.ON AG (formerly Veba Ag)</b>	Considering Iran as a potential supplier of liquid natural gas (LNG) In light of the US restrictions on business ties to Iran, they have sought approval from the German government for its new LNG import plan.
<b>Finmeccanica SPA</b>	Supplies three alternators to Iran. In addition, supplies gas turbines and related equipment and also set up the Tuga Production Facility in Iran with local partners to construct the gas turbines.
<b>Gazprom OAO</b>	Provided construction and installation of two off-shore production platforms, drilling exploration wells, laying two off-shore pipelines and construction of an on-shore gas processing facility. Also, acquired a section of the Iran-Armenia pipeline and the fifth energy unit of the Razdan thermal power plant. The U.S. Department of State waived sanctions under Section 9(c) of the sanctions act with respect to activities in the South Pars field only and not to any other activities in Iran.
<b>GS Engineering &amp; Construction Ltd.</b>	Developing gas production in Iranian offshore South Pars oil field.
<b>GS Holdings Corp.</b>	Developing gas production in Iranian offshore South Pars oil field. Increased the annual capacity of the existing linear alkyl benzene plant in Eafahan, Iran. Also, provided equipment such as compressors, pumps and reactors, and services including technical assistance, installation and commissioning for the project to expand production of linear alkyl benzene. Completed work on a purified terephthalic acid plant in Bandar Imam.
<b>Hyundai Engineering &amp; Construction Co Ltd</b>	Completed development of the South Pars gas processing plants and provide Iran's a special economic zone with natural gas. Built a natural gas processing plant in a coastal south of Tehran as part of the South Pars development process.
<b>Indian Oil Corporation Ltd</b>	Is involved in a purchase of liquefied natural gas from Iran. In addition, owns the Farsi Exploration Block in Iran
<b>Inpex Holdings Inc.</b>	Evaluating and developing the Azadegan Field in western Iran, on the border with Iraq.
<b>Itochu Corp.</b>	The company has a subsidiary in Tehran, Iran and employs people and has had a sales agency agreement with Iran company.
<b>JGC Corp.</b>	Awarded the engineering, procurement and construction services for a gas processing plant Construction of the plant. Furthermore, the company is not participating in any other project in Iran, as an engineer, constructor or investor and has no assets in Iran.
<b>L'air Liquide</b>	Has an office in Tehran, Iran, and constructed a propylene plant in Iran. Built a methanol plant in Iran, conduct engineering and procurement services in Bandar Assaluyeh, Iran, and install a polyethylene plant for in Bandar Imam, Iran.
<b>Man AG</b>	Has a service facility in Iran and supplies natural gas service stations to an entity in Iran. Also, produces, supply, assemble and commission equipment to expand its smelting plan in Bandar Abbas, Iran. Another subsidiary sells vehicles in Iran. Supply natural gas engines annually to Iran Khodro Diesel. Assembles buses and trucks and heavy tractors and exports buses to Iran.

	Also ordered a printing press for the production of schoolbooks. In addition, supplies various types of mining equipment to the Iranian mining industry.
<b>MISC Berhad</b>	Is linked to Iran through the operations of its parent company, Petronas. In addition, lists four ports of call in Iran—Bandar Abbas, Bandar Mashahr, Bandar Imam and Khomeini.
<b>Mitsui &amp; Co.</b>	Has a subsidiary in Iran that renders services that primarily consist of transactions where they act “as a mere agent for other Japanese companies such as engineering and heavy machinery companies. “Has engaged in the purchase and/or sale of crude oil, oil products and petrochemical products from and to Iranian entities.
<b>Mitsui Engineering &amp; Shipbuilding Co. Ltd.</b>	Entered into a consortium to facilitate the construction of high density polyethylene plant in Assaluyeh, Iran. Also, construction of a monoethylene glycol unit in Gachsaran. Also, design, construction and delivery of a monoethylene glycol plant on Kharg Island.
<b>Petroleo Brasileiro</b>	Owns drilling operations in two exploration blocks in the Tusan field in Iran near the Persian Gulf. Is expected to sign an agreement for the drilling of three wells in two exploration blocks off the shore of Iran in the Caspian Sea.
<b>Petronas Dagangan Bhd</b>	The company is linked to Iran through its parent company, Petronas, which has stake in the Pars Liquefied Natural Gas project in Iran.
<b>Petronas Gas Bhd</b>	The company is linked to Iran through its parent company, Petronas, which has stake in the Pars Liquefied Natural Gas project in Iran.
<b>Royal Dutch Shell PLC</b>	Develop the Persian LNG project to the next stage of design and develop phases of the South Pars fields in the Northern Gulf. Also, operates a lubricant oil blending plant and sells lubricants in Iran. The company has four offices in Iran.
<b>Saipem</b>	Have a branch office in Tehran, Iran, and two platforms drilling for oil in Iranian waters in the Persian Gulf.
<b>Samsung Engineering Co. Ltd.</b>	Owns a subsidiary in Iran, Iran ABS Plant.
<b>Sasol Ltd.</b>	Has a regional office which services Iran. Completed the construction of a polymer facility in Iran. Also has a high-density polymer plant.
<b>Sinopec Kantons Holdings Ltd</b>	Has a subsidiary which has equity ties to Iran's oil industry.
<b>Snc-Lavalin Group Inc.</b>	Has experience in Iran in projects related to chemicals and petroleum, mining and metallurgy, and power. It is upgrading a phosphoric acid production plant in Iran. In addition, involved in Phases 15 and 16 of the South Pars gas development program in Iran.
<b>Sojitz Corporation (formerly Sojitz Holdings Corp)</b>	Has an office and subsidiary in Tehran, Iran. Also, construction of a 1,000-megawatt power station in Iran.
<b>StatoilHydro ASA (formerly Statoil ASA)</b>	Continues to hold positions in three projects in Iran—South Pars development project, the Anaran oil development project and the Khorram Abad exploration project. Also, the operator for the development of the offshore part of the South Pars project and service contract during the development phase. Continues to work with coating of pipes for the third pipeline and completion of the pipe-laying. Investment in Iran consists principally of its investment in the South Pars. The company had employees in Iran. The company has had no Iran-related revenues and is not producing any oil or gas in Iran.
<b>Tatneft OAO</b>	Opened a representative office in Iran, participate in various projects in Iran, including tenders for the development of oil fields. It conducted work under a contract for emercaptanization of refined products and oxidized gas in Iran, and it said it continues to perform contracts for testing microbiological bed stimulation technology in Iran. In addition implement well casing technology in Iran and submitted proposals to participate in tenders to provide engineering services and to obtain production licenses for a group of Iranian oil fields.

<b>Technip</b>	Engaged in turnkey management services.
<b>The Weir Group plc</b>	Supplies pumps and other types of equipment for use in mining, power, oil and gas installations. Has been selling equipment to customers in Iran for more than 30 years.
<b>Total SA</b>	Although the company received a waiver from the U.S. government regarding investments in the South Pars gas field in Iran, this waiver does not extend to all of its investments in Iran. Its qualifying activities in Iran are concentrated on two buy-back contracts.
<b>Wartsila Oyj (Formerly Metra Oy)</b>	Owns a power plant and maintains a representative office in Tehran, Iran. Subcontractor supplying the main and auxiliary engines for six containerships and repairs cracks on the engines of tankers.
<b>WS Atkins PLC</b>	Participated in an upgrade to an existing offshore oil production platform. Also participating in a hydrological review of a major oil field in Azadegan, Iran.